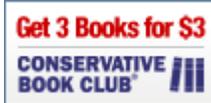


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AMT REPEAL: To Tax or Not to Tax -- That is the Question

by Rep. Jeb Hensarling ([more by this author](#))

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Leave it to Washington to allow a policy -- created to focus on 155 people -- to entangle over 25 million American taxpayers if ignored in the next few months, while in the process thrusting a massive tax increase on hard-working middle class families.

The Alternative Minimum Tax, or AMT, was created by the Democratic Congress in 1969, in the wake of public uproar over news that 155 people who, despite earning \$200,000 or more (or \$1.2 million in 2007 dollars), were eligible for tax benefits that resulted in their paying little or no federal income tax.

Despite having a catchy title, the AMT is a poison pill for taxpayers. Since the AMT is not indexed to inflation, the tax has become so bloated and perverse that unless Congress acts quickly, next year the AMT will crash down upon 25 million American taxpayers. If Congress continues to stall, nearly half of all taxpayers earning between \$75,000 and \$100,000 per year, and more than 7 in 10 taxpayers earning between \$100,000 and \$200,000 per year will be subjected to the AMT. Worse, if AMT is not repealed, over a quarter of income taxpayers will be subject to the AMT by 2013.

We have tried to fix this problem before. In fact, in 1999, the Republican-controlled Congress passed a full repeal of the AMT on individuals and sent the bill to President Bill Clinton, who unfortunately vetoed it.

Despite campaigning on promises to reform or repeal the AMT, Democrat leaders have yet to act on the issue for the past year. Speaker Pelosi has failed to act, Rahm Emanuel has failed to act, and Ways & Means Chairman Charlie Rangel keeps talking about raising taxes by nearly a trillion -- that's trillion with a "t" -- dollars. In addition, House Democrats have already passed a budget which

sanctions the largest tax increase in American history and failed to address the AMT completely. Taxpayers deserve better.

Does anyone believe that further complicating an already dilapidated tax code is the answer? It is time to move beyond trying to fix the AMT by making the tax code even more complex. There is something fundamentally wrong when we have a tax code that is seven times longer than the Bible. Nearly all Americans agree that the tax code has deteriorated beyond repair, and now its time to work together to fix it.

That is why the Republican Study Committee -- under the leadership of Congressman Paul Ryan (R-WI), Congressman John Campbell (R-CA), and Congresswoman Michele Bacchmann (R-MN) -- has introduced the Taxpayer Choice Act. This comprehensive, individual income tax simplification initiative has two principal goals: First, it ensures that middle class American families are protected from the massive tax increase that the current AMT will soon impose upon them; and, second, it provides individuals a choice to become a part of tax system that is fair, simple, and efficient

Our plan will not increase taxes for any American – as nearly all other “AMT reform” proposals do – and it retains a fair distribution of federal tax burdens. It puts the AMT to rest once and for all, eliminating the \$841-billion tax increase that would result from its automatic expansion. But it goes even further, empowering Americans with a choice: taxpayers can choose the new system or stay with the current tax code -- whichever option best suits their particular circumstances. The new, simple option has just two income tax rates (10 percent and 25 percent), a generous standard exemption amount, and virtually no special tax preferences. In addition, it makes permanent the capital gains and dividend relief of 2003, which is the key to continuing national economic growth and investment.

The truth is that today, it is a nightmare for American families to pay their taxes. The current tax code consists of over 9,000,000 words and forces Americans to work billions of additional hours just trying to figure it out -- let alone afford the bill. Is it any wonder that 60% of Americans pay someone else to prepare their taxes for them?

The debate must be focused on the central question at hand, and that is, 'who

does the \$841 billion in AMT revenue belong to -- the government or the taxpayer?' We are putting the taxpayer first. We are saying that money belongs to the taxpayers, and we believe families should be able to use it to send their children to college, to pay their health care premiums, to launch their American dream and invest in small businesses.

Make no mistake, the American people don't really care how the Congressional Budget Office may choose to score the Taxpayer Choice Act, or how the Joint Tax Committee may choose to score it. People are tired of Washington budget gimmicks. Those of us in the Republican Study Committee are focused on how the American people will score it, and if their paycheck has the same purchasing power next year that it had this year and yet the tax bite is more, that is a tax increase.

Whatever rhetoric may come from Democrats about their forthcoming AMT bill, one thing is clear -- they will punish one group of people through a massive tax increase. No matter how you choose to look at it, robbing Peter to pay Paul is still a huge tax increase on the American people. Instead of Congress picking and choosing the winners and losers in the tax code, we're going to let individual taxpayers decide what is best in their interests, and what is right for them.

Mr. Hensarling, chairman of the Republican Study Committee, represents the 5th District of Texas. He is chairman of the [Republican Study Committee](#).

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